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October 10, 1997

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DIV. OF OIL, GAS & MINING

VIA - FACSIMILE (801)359-3940
HARD COPY TO FOLLOW

Mary Ann Wright, Associate Director of Mining
STATE OF UTAH
Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, UT 84114-5801

Dear Mary Ann:

Thank you for your letter of October 8, 1997, a copy of which I have forwarded to my clients for their files. My clients expressed their appreciation for your attendance and your coordination in bringing qualified people on site to inspect their concerns.

My clients were somewhat disappointed that Steve Falk of the BLM office in Price did not attend. Apparently, Steve Stamatakis had invited Mr. Falk to attend and he was indeed planning to attend. We later learned that you had contacted Mr. Falk's supervisor which resulted in Mr. Falk's cancellation of his attendance. Needless to say, my clients felt that because Horizon Coal Company intends upon applying for the federal coal lease which is situated beneath the Stamatakis land, that Steve Falk and/or other representatives from the BLM should have been present for the same meeting.

Please understand, however, that we remain most grateful for your cooperation in coordinating the number of people that attended the meeting. It is unfortunate that it took almost two years to finally arrange the meeting despite my clients' repeated requests of various staff members for such a meeting. We also feel that it is unfortunate that my clients had to resort to contacting me, as their attorney, to seek assistance in scheduling a meeting. My clients had almost given up their hope that a such a meeting could be scheduled feeling that DOGM cares only about the production side of mining and that it perhaps is not overly concerned with the potential of mining operations on ranchers' properties.

Of additional concern to us is your staff members' apparent lack of knowledge regarding the existence of the various subsidence cracks, slope slumping, embankment failure, and other issues pointed out to you by Steve and Pete and which are apparently related to the Beaver Creek Mining operation.

As you may know by now, my clients and I attended a meeting at the Price BLM office on October 9, 1997 for discussion on the Environmental Assessment for the federal coal lease by application for the Beaver Creek tract. As part of that discussion, Mr. Falk agreed to meet with my clients on Thursday, October 16, 1997 for a tour of the same sites that you visited during your tour.

Our purpose in scheduling tours of the sites as well as a attending meetings is to seek the cooperation and involvement of the state and federal agencies regarding the proposed operations of Horizon Coal Company and the Beaver Creek tract. It is our sincere hope that the BLM as well as DOGM will take my clients' comments and concerns seriously and attempt to address them in a fair and prudent manner. From what appears to have happened as a result of the mining operations of Beaver Creek Coal Company, my clients are understandably concerned about the potential effects on their property if the federal coal lease (Beaver Creek tract) is ever mined by anyone. As we have stated previously, we want to avoid damages to the Stamatakis surface as a result of mine subsidence. We also want to avoid any loss in the quantity of water flowing through, from or upon the Stamatakis surface as a result of mining operation beneath the surface.

With respect to the prevention of mine subsidence damages as well as protection of the water, we hereby request assistance from your office to set up a monitoring program and plan that will ensure that such problems do not occur.

As you are aware, the Environmental Assessment was just released with respect to the Beaver Creek tract. Indication was provided to us at the October 9, 1997 meeting that the BLM may decide to receive lease proposals in early December, 1997. It is our sincere feeling that the BLM should postpone that process until the concerns that we have raised have been adequately addressed by the BLM as well as your office. We ask for your cooperation to diligently proceed with completing an analysis of the issues raised at your meeting of October 3, 1997.

Again, thank you for your cooperation and attention to this matter.

Sincerely,

Nick Sampinos

NS/nn
xc: Steve Stamatakis
Pete Stamatakis
Steve Falk, BLM, Price office